

**From:** Miller, Julie [mailto:Julie\_Miller@intuit.com]

**Sent:** Tuesday, March 12, 2013 2:19 PM

**To:** Liz Day

**Subject:** Re: Follow-up on ProPublica Questions on Intuit + Return Free Filing

Liz,

Want to provide you with a high-level response to your questions below. You can attribute any of this information to me, Julie Miller, spokeswoman for Intuit:

Intuit supports the continuation of a system of Voluntary Compliance for the American taxpayer. Intuit has long been a proponent of the Free File program, a public-private partnership between the government and private industry that costs the government and taxpayers nothing. More than 70 percent of all taxpayers are eligible to choose for free from among the best-known, most-trusted tax prep software programs. One hundred percent of taxpayers can file their federal taxes free by using Free File's simple "fillable form" product.

Why spend money the government doesn't have when every American can get free online tax preparation and e-filing right now at no cost to consumers or the government? Free File insures that taxpayers get every credit and deduction they are entitled to, including the Earned Income Tax Credit (EITC); A government tax reconciliation system will not.

We believe the state of California should also adopt the Free File model, like 23 other states and the federal government have already done.

Simple return/ready return systems do not increase compliance. They rely only on the information the government already has. It is not reaching taxpayers who today aren't paying taxes.

Like many other companies, Intuit actively participates in the political process and has supported legislation that advances Free File.

In countries where income taxation is handled from start to finish as a centralized government function, rather than citizen-centric through Voluntary Compliance, the ability for government to employ the tax system as a channel for implementing economic policy is sharply limited. Relying on an actual withholding or government reconciliation tax system, eliminating or curtailing citizen participation in the taxation process, has far-reaching implications for accuracy in public tax expenditures, which are often targeted by policymakers to those lower and middle income citizens with the simplest returns. This, in turn, has implications for accuracy and fairness in taxation itself.

Several years ago at a tax policy conference, the National Taxpayer Advocate was asked about the concept of a Return Free Tax System and commented that the active engagement of the citizen in tax compliance process was because for many families tax time is the only time each year when they examine and take stock of their personal finances, and that process is of benefit to the economic health of the nation. And indeed, improvement in financial literacy is an important part of people taking charge of their own finances, including through their personal participation as citizens in the nation's Voluntary Compliance tax system.

This is not about Intuit, although some work very hard to make it appear that way. This is about a basic belief that taxpayers deserve the right to Voluntary Compliance so they can keep more of their hard earned money.